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# Marx and Globalisation today

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*Based on the book 'Marx's Ghost' by William Derber*

Marx hated capitalism because it destroyed not only community but individuality (the alienation of labour). But Communism under Stalin and Mao Tse Tsung did the same

### **Capitalism is ruled by two parallel dynamics**

The first dynamic determines the **wage share** (total wages as a share of national income): as employment increases above a certain threshold, say  $E$ , labour becomes scarce, workers' bargaining power rises, and therefore so does the wage share

The second dynamic determines **employment growth**: as the wage share surpasses another threshold ( $W$ ), so employment suffers. This creates a constant series of cycles of boom to bust.

**TINA** (There Is No Alternative) is the ruling idea. The elites always create the ruling ideas that serve their interests. No system can survive unless the people have been *taught* that it is the only and best system. The ruling class controls the media to promote the TINA paradigm. (NB Melanchon – new media)

NB Paradigm change – Darwinism / Continental shift.

### **Abraham Lincoln on Corporations:**

' I see... a crisis approaching that unnerves me and causes me to tremble for the safety of my country. Corporations have been enthroned and an era of corruption in high places will follow, and the money power of the country will endeavor to prolong its reign by working on the prejudices of the people until all wealth is aggregated in a few hands and the Republic is destroyed'

## **The Great Transition**

Marx wrote that after working people gained political power, they "will have to pass through long struggles, through a series of historic processes, transforming circumstances and men"

**Anti-capitalists** – seek to overthrow capitalism and replace it with socialism, public ownership, or co-operativism. (*see Bernie Saunders, Jeremy Corbyn and Jean-Luc Melanchon on public control and ownership*)

**Alter-capitalists** – seek major changes in capitalism but want to preserve certain regulated markets and corporations, as exemplified in European Social Democracy.

# Marx's definition of Capitalism

1. A system of private ownership of the means of production, meaning big money, big factories, and big land holdings.
2. A system of alienated labour, in which the ownership class – mainly big bankers and corporate executives – controls the economy and politics, and extracts from the working class most of the surplus value and wealth that it produces.
3. A system of increasingly polarised class division between two major classes, the corporate ownership class and workers, with the middling classes of small business, small farmers, and white-collar salaried employees hurtled down into the working class.

## **Marx's definition of Capitalism - continued**

4. A system of growing inequality between the capitalist class composed of ever-larger global corporations and the working class, with the mass of workers increasingly exploited, indebted and immiserated.
  
5. A system that produces and evaluates goods based on their market prices (exchange value) rather than their true human use (use value), thus gearing production away from goods and services meeting real human needs toward those only creating profit.
  
6. A system of 'commodity fetishism' in which products are magically transformed into both alien and alluring products independent of the workers who produce them, but who must buy them to survive..

# John Maynard Keynes

1. Capitalism is the best economic system
2. But it is a system inevitably plagued by financial and economic crises
3. These crises are caused by the recurrent lack of enough demand for goods and services as well as by irrational and greedy financiers
4. Only government can solve capitalist crises through stimulus and regulation, ensuring adequate demand and full employment.
5. the government's role is to save capitalism and make it fairer and more sustainable

## **Milton Friedman**

1. Markets ensure freedom and efficiency
2. Economic actors are rational
3. Crises are self-correcting
4. Government is coercive and inefficient; it is the problem, not the solution



## **Capitalism – socialism for the rich.**

Marx saw capitalism becoming a marriage of big business with big government. Monopoly corporations would create a big government partner to create conditions for ever more profit, as overproduction and stagnation intensify. Marx called this 'monopoly capitalism' as big government privatises profit but socialises risk. Naomi Klein calls this 'the 'Corporatocracy'.

In this sense, monopoly capitalism undermines any free market logic and turns into its current state in the USA which might be called plutocratic socialism ; socialism for the rich.

## The Sorcerer of Death

Marx wrote that capitalism is like *'the sorcerer, who is no longer able to control the powers of the nether world whom he has called up by his spells'*

In the US capitalism shows us the death signs: rampant greed, savage worker exploitation, financial meltdowns and prolonged economic crises, extreme class divisions of rich and poor, class warfare against unions and workers, and the existential crises of global warming, environmental exploitation, pollution, and nuclear war that could end humanity.

## Marx on Globalisation

*'The need of a constantly expanding market chases the bourgeoisie over the whole surface of the globe... Capitalism compels all nations, on pain of extinction, to adopt the bourgeois mode of production... to become bourgeois themselves in one word, it creates a world after its own image'*

Today, the rules of world commerce are agreed by the WTO and international trade agreements.

The 'control' of supplier nations is maintained by the IMF using Debt Control (much cheaper than Military Control

**Monopoly Capital**, (1966, Paul Sweezy and Paul Baran, American Marxists).

They argue that Marx had foretold that capital's natural state was stagnation as the system matured. Stagnation and over-production – crises on Main Street and in the blue-chip corporations – become the norm. There would be fewer opportunities for profitable investment as industries and technologies matured, became less dynamic, markets were saturated, jobs were lost, wages pushed down, reducing the buying power of workers. Big corporate monopolies become ever less innovative and can't sell enough as workers become poorer. They turn to financial speculation to make big money, leading them into big, unsustainable, personal debt in order to spur them to buy more houses, cars, and goodies at the mall. All to boost the economy, just as happened in 1929 in the Great Depression, and 2008 in the Great Recession.

**Low wages.** While US workers have been working harder over the last several decades, their real wages have been stagnant and declining

Average real wages of US workers in 2008 dollars

1972. \$20.06

1979. \$18.76

1993. \$16.82

2008. \$18.52

See 'Nickel and Dimed' by Barbara Ehrenreich (who went undercover and worked as a waitress, cleaner and other low-income positions).

Over the last 30 years, the top 1 % has more than doubled their income, the bottom 60 % has seen almost no growth at all.

Total executive 'compensation' at the five biggest US banks getting bailouts was \$90 billion in 2009 alone. Not bad for executives who drove their banks and the country into a ditch.

## **Marx and capitalism's need for war**

(remember  $a=e+h^2$ )

War is the glue cementing an unsustainable system. So rich and poor alike, salute the flag and sing the national anthem. They paste 'support the troops' bumper stickers on their cars. They support both political parties throwing trillions at the military that are needed to rebuild the country.

Capitalism promotes permanent war not only for profits and markets abroad, but also to pacify the dissent of the domestic population who are facing job insecurity, poverty, and unemployment. Capitalism cannot survive without the war system.

In 2010, the USA spent as much on military spending as the rest of the countries of the world put together.

29% of the US budget goes to military spending, and 55% of the nation's discretionary spending goes to the Pentagon. Wars in Iraq and Afghanistan will cost at least \$3 trillion.

*'In the councils of government, we must guard against the acquisition of unwarranted influence by the military-industrial complex. The potential for the disastrous rise of misplaced power exists and will persist.*

President Eisenhower

Evo Morales (President of Bolivia) 10 commandments (abbreviated)

## **Ecological Socialism**

1. Eradicate the capitalist model
2. Stop war and invest in Earth
3. Develop coexistence rather than domination
4. Water is a right and should not be privatised
5. Develop clean energies
6. Respect Mother Earth
7. Water, electricity, education, health care, communication and collective transportation are human rights and must be public services
8. End consumerism; produce and consume locally
9. Promote cultural and economic diversity
10. Build communitarian socialism in harmony with Mother Earth.



'The worst enemy of humanity is US capitalism. That is what provokes uprisings, rebellion against a system, against a neoliberal model, which is the representation of savage capitalism. Evo Morales

## Marx on Free Trade

*'To sum up, what is free trade, what is free trade under the present condition of society? It is the freedom of capital. When you have overthrown the few national barriers which still restrict the progress of capital, you will merely have given it complete freedom of action. Gentlemen! Do not allow yourselves to be deluded by the abstract word 'freedom'. Whose freedom? It is not the freedom of one individual in relation to another, but the freedom of capital to crush the worker.'*

## References (\*particularly recommended)

### Authors

Noam Chomsky\*

Howard Zinn\*

Antonio Gramsci

Edward Bellamy

Paulo Friere

Naomi Klein\*

David Harvey\*

Paul Krugman\*

Elizabeth Warren\*

### Periodicals

American Prospect

In These Times\*

Huffington Post

Commondreams.org\*

Truthout

### **Organisations**

World Social Forum

Tellus Institute\*

Moveon\*

Marxiste.org (French)

Marxiste.org - international